



January 26, 2016

HOUSE BILL No. 1004

DIGEST OF HB 1004 (Updated January 25, 2016 10:53 am - DI 116)

Citations Affected: IC 5-10.4; IC 20-26; IC 20-28; IC 20-29.

Synopsis: School pension plans. Establishes the teacher's defined contribution plan as an account within the Indiana state teachers' retirement fund (fund). Provides that an individual who begins employment with a school corporation in a covered position that would otherwise be eligible for membership in the fund may elect to become a member of the teacher's defined contribution plan. Provides that an individual who does not elect to become a member of the plan becomes a member of the fund. Requires the board of trustees of the Indiana public retirement system (board) to establish, subject to any approval from the Internal Revenue Service that the board considers necessary or desirable, alternative investment programs within the annuity savings account as the initial alternative investment programs for the teacher's defined contribution plan, except that the board shall maintain at least one investment option that is a stable value fund and may not offer the guaranteed program as an investment option. Provides that each member's contribution to the teacher's defined contribution plan is 3% of the member's compensation, but authorizes the employer to pay all or part of the member's contribution on behalf of the member. Allows a member to make additional contributions to the teacher's defined contribution plan up to 10% of the member's compensation. Provides that the employer's contribution rate for the teacher's defined contribution plan is equal to the employer's contribution rate for the fund as determined by the board, although the amount credited from the employer's contribution rate to the member's account may not be greater than the normal cost of the fund. Provides that any amount not

(Continued next page)

Effective: July 1, 2016.

Behning, McNamara, Truitt

January 13, 2016, read first time and referred to Committee on Education.
January 25, 2016, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

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credited to the member's account shall be applied to the unfunded accrued liability of the fund. Provides that member contributions and net earnings on the member contributions belong to the member at all times and do not belong to the employer. Provides that a member is vested in the employer contribution subaccount at 20% per year with full vesting after five years participation in the teacher's defined contribution plan. Provides that if a member separates from service with an employer before the member is fully vested in the employer contribution subaccount, the amount in the subaccount that is not vested is forfeited. Provides that a member who: (1) terminates service in a covered position; and (2) does not perform any service in a covered position for at least 30 days after the date on which the member terminates service; is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. Provides that a member may elect to have withdrawals paid as: (1) a lump sum; (2) a direct rollover to another eligible retirement plan; or (3) if the member has attained 62 years of age with at least five years participation in the plan, a monthly annuity in accordance with the rules of the board. Provides a school corporation may hire an individual to teach if the individual: (1) has a bachelor's degree with at least a cumulative grade point average of 3.0 on a 4.0 scale in a content area related to the area in which the individual intends to teach; (2) has passed content area licensure assessments required by the department of education to teach in the area in which the applicant intends to teach; and (3) has a valid teaching license in another state. Provides that the individual is considered a certificated employee. Provides that a school corporation may provide a supplemental payment in excess of the salary specified in the school corporation's compensation plan to a teacher who is, or will be, employed in a position that is difficult to fill by the school corporation.



January 26, 2016

Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1004

A BILL FOR AN ACT to amend the Indiana Code concerning pensions and education.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10.4-4-1, AS AMENDED BY P.L.119-2012,
2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 1. (a) The members of the fund include:
4 (1) legally qualified and regularly employed teachers in the public
5 schools;
6 (2) persons employed by a governing body, who were qualified
7 before their election or appointment;
8 (3) legally qualified and regularly employed teachers at Ball State
9 University, Indiana State University, University of Southern
10 Indiana, and Vincennes University;
11 (4) legally qualified and regularly employed teachers in a state
12 educational institution whose teachers devote their entire time to
13 teaching;
14 (5) legally qualified and regularly employed teachers in state
15 benevolent, charitable, or correctional institutions;

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(6) legally qualified and regularly employed teachers in an experimental school in a state university who teach elementary or high school students;

(7) as determined by the board, certain instructors serving in a state educational institution extension division not covered by a state retirement law;

(8) employees and officers of the department of education and of the fund who were qualified before their election or appointment;

(9) a person who:

(A) is employed as a nurse appointed under IC 20-34-3-6 by a school corporation located in a city having a population of more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400); and

(B) participated in the fund before December 31, 1991, in the position described in clause (A); and

(10) persons who are employed by the fund.

(b) Teachers in any state institution who accept the benefits of a state supported retirement benefit system comparable to the fund's benefits may not come under the fund unless permitted by law or the rules of the board.

(c) The members of the fund do not include substitute teachers who have not obtained an associate degree or a baccalaureate degree.

(d) The members of the fund do not include individuals who participate in the teachers' defined contribution plan under IC 5-10.4-8.

SECTION 2. IC 5-10.4-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]:

Chapter 8. Teachers' Defined Contribution Plan

Sec. 1. (a) Except as provided in subsection (b), this chapter applies after the effective date of the plan to an individual who:

(1) begins employment with a school corporation in a covered position that would otherwise be eligible for membership in the fund under IC 5-10.4-4; and

(2) makes the election described in section 6 of this chapter to become a member of the plan.

(b) This chapter does not apply to the following:

(1) An individual who, before the effective date of the plan, is or was a member (as defined in IC 5-10.4-1-9) of the fund.

(2) An individual who, on or after the effective date of the plan:

(A) begins employment with a school corporation that



1 participates in the plan in a covered position that would
 2 otherwise be eligible for membership in the fund under
 3 IC 5-10.4-4; and

4 (B) does not make the election described in section 6 of this
 5 chapter to become a member of the plan.

6 **Sec. 2.** The following definitions apply throughout this chapter:

7 (1) "Account" means the plan account established for a
 8 member under section 7(b) of this chapter.

9 (2) "Annuity savings account" means the annuity savings
 10 account of the 1996 account maintained under
 11 IC 5-10.2-2-2(b)(2) and IC 5-10.2-2-2(c)(1).

12 (3) "Compensation" has the meaning set forth in
 13 IC 5-10.2-3-2(a).

14 (4) "Effective date" means the first day of the month that is
 15 six (6) months after the month in which the Internal Revenue
 16 Service issues an approval of the plan.

17 (5) "Employer" means a school corporation.

18 (6) "Employer contribution subaccount" means the
 19 subaccount in a member's plan account established under
 20 section 7(b)(2) of this chapter.

21 (7) "Internal Revenue Code" has the meaning set forth in
 22 IC 5-10.2-1-3.5.

23 (8) "Member" means an individual described in section 1(a)
 24 of this chapter who is not otherwise excluded from
 25 membership in the plan.

26 (9) "Member contribution subaccount" means the subaccount
 27 in a member's plan account established under section 7(b)(1)
 28 of this chapter.

29 (10) "Normal retirement age" for a member means the
 30 member is at least sixty-two (62) years of age with at least five
 31 (5) years of participation in the plan.

32 (11) "Plan" refers to the teachers' defined contribution plan
 33 established by section 4 of this chapter.

34 (12) "Years of participation" means all periods of
 35 participation in the plan in a covered position, plus any
 36 additional service for which this chapter provides years of
 37 participation credit.

38 **Sec. 3.** Except as otherwise provided in this chapter or by
 39 federal law, and subject to the board obtaining any approval from
 40 the Internal Revenue Service that the board considers necessary or
 41 desirable, the provisions of this article that apply to the annuity
 42 savings account apply to an account established under this chapter.



1 **Sec. 4. (a) The teachers' defined contribution plan is established**
 2 **for the purpose of providing amounts funded by an employer and**
 3 **a member for the use of the member or the member's beneficiaries**
 4 **or survivors after the member's retirement.**

5 **(b) The board shall adopt provisions to implement the plan**
 6 **established under subsection (a) as follows:**

7 **(1) The board shall initially offer the plan using the annuity**
 8 **savings account, subject to obtaining any approval from the**
 9 **Internal Revenue Service that the board considers necessary**
 10 **or desirable to preserve the qualified status of the plan and**
 11 **the fund. The plan as provided under this subdivision is a**
 12 **component within the fund.**

13 **(2) If the approval of the Internal Revenue Service to offer the**
 14 **plan using the annuity savings account cannot be obtained in**
 15 **a manner satisfactory to the board, the board shall offer the**
 16 **plan as a separate fund under Section 401(a) or another**
 17 **applicable section of the Internal Revenue Code.**

18 **(c) The board shall administer the plan.**

19 **(d) The board may adopt a plan document that it considers**
 20 **appropriate or necessary to administer the plan.**

21 **Sec. 5. The board may request from the Internal Revenue**
 22 **Service any rulings or determination letters that the board**
 23 **considers necessary or appropriate in order to implement or**
 24 **administer the plan.**

25 **Sec. 6. (a) An individual who, on or after the effective date of the**
 26 **plan, begins employment with a school corporation that**
 27 **participates in the plan in a covered position that would otherwise**
 28 **be eligible for membership in the fund under IC 5-10.4-4 may elect**
 29 **to become a member of the plan.**

30 **(b) An election under this section:**

31 **(1) must be made in writing;**

32 **(2) must be filed with the board, on a form prescribed by the**
 33 **board; and**

34 **(3) is irrevocable.**

35 **(c) An individual who does not elect to become a member of the**
 36 **plan becomes a member (as defined in IC 5-10.4-1-9) of the fund.**

37 **Sec. 7. (a) The plan consists of the following:**

38 **(1) Each member's contributions to the plan under section 9**
 39 **of this chapter.**

40 **(2) Contributions made by an employer to the plan on behalf**
 41 **of each member under section 10 of this chapter.**

42 **(3) Rollovers to the plan by a member under section 15 of this**



chapter.

(4) All earnings on investments or deposits of the plan.

(5) All contributions or payments to the plan made in the manner provided by the general assembly.

(b) The plan shall establish an account for each member. A member's account consists of two (2) subaccounts credited individually as follows:

(1) The member contribution subaccount consists of:

(A) the member's contributions to the plan under section 9 of this chapter; and

(B) the net earnings on the contributions described in clause (A) as determined under section 8 of this chapter.

(2) The employer contribution subaccount consists of:

(A) the employer's contributions made on behalf of the member to the plan under section 10 of this chapter; and

(B) the earnings on the contributions described in clause (A) as determined under section 8 of this chapter.

The board may combine the two (2) subaccounts established under this subsection into a single account, if the board determines that a single account is administratively appropriate and permissible under applicable law.

(c) If a member makes rollover contributions under section 15 of this chapter, the plan shall establish a rollover account as a separate subaccount within the member's account.

Sec. 8. (a) Subject to the board obtaining any approval from the Internal Revenue Service that the board considers necessary or desirable, the board shall establish the alternative investment programs (as described by IC 5-10.2-2-3 and IC 5-10.2-2-4) within the annuity savings account as the initial alternative investment programs for the plan, except that the board shall maintain at least one (1) alternative investment program that is a stable value fund. If the board considers it necessary or appropriate, the board may establish different or additional alternative investment programs for the plan. However, the guaranteed program (as defined in IC 5-10.2-2-3) may not be offered as an investment option under the plan.

(b) The requirements and rules that apply to the alternative investment programs within the annuity savings account are the initial requirements and rules that apply to the alternative investment programs within the plan, including the following:

(1) The board's investment guidelines and limits for the alternative investment programs.



(2) A member's selection of and changes to the member's investment options.

(3) The valuation of a member's account.

(4) The allocation and payment of administrative expenses for the alternative investment programs.

(c) If the board considers it necessary or appropriate, the board may establish different or additional requirements and rules that apply to the alternative investment programs within the plan.

(d) The board shall determine the appropriate administrative fees to be charged to the member accounts.

Sec. 9. (a) Each member's contribution to the plan is equal to three percent (3%) of the member's compensation.

(b) An employer may pay all or part of the member's contribution on behalf of the member.

(c) To the extent permitted by the Internal Revenue Code and applicable regulations, a member of the plan may make contributions to the plan in addition to the contribution required under subsection (a). IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions made under this subsection.

(d) Member contributions must be credited to the member's account as specified in IC 5-10.2-3.

(e) Although designated as employee contributions, the contributions made under subsection (b) by an employer may be picked up and paid by the employer instead of the contributions being paid by the employee in accordance with Section 414(h)(2) of the Internal Revenue Code.

(f) A member may not receive any amounts paid by an employer under this section directly instead of having the amounts paid to the plan.

Sec. 10. (a) An employer shall make employer contributions to the plan based on the rate determined under this section.

(b) The employer's contribution rate for the plan must be equal to the employer's contribution rate for the fund as determined by the board under IC 5-10.2-2-11(b). The amount credited from the employer's contribution rate to the member's account may not be greater than the normal cost of the fund. Any amount not credited to the member's account must be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(c) An employer's minimum contribution under this section is equal to three percent (3%) of the compensation of all members of the plan.



(d) An employer shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.

Sec. 11. (a) Member contributions and net earnings on the member contributions in the member contribution subaccount belong to the member at all times and do not belong to the employer.

(b) A member is vested in the employer contribution subaccount in accordance with the following schedule:

Years of participation in the plan	Vested percentage of employer contributions and earnings
1	20%
2	40%
3	60%
4	80%
5	100%

For purposes of vesting in the employer contribution subaccount, only a member's full years of participation in the plan may be counted.

(c) The amount that a member may withdraw from the member's account is limited to the vested portion of the account.

(d) A member who attains normal retirement age is fully vested in all amounts in the member's account.

(e) If a member separates from service with an employer before the member is fully vested in the employer contribution subaccount, the amount in the employer contribution subaccount that is not vested is forfeited as of the date the member separates from service.

(f) Amounts forfeited under subsection (e) must be used to reduce the employer's unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(g) A member may not earn creditable service (as defined in IC 5-10.2-3-1(a)) under the plan.

Sec. 12. (a) Subject to the provisions of the Internal Revenue Code applicable to qualified plan distributions, a member who:

(1) terminates service in a covered position; and

(2) does not perform any service in a position covered by the fund for at least thirty (30) days after the date on which the member terminates service;

is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. A member must make a required withdrawal from the member's account not later than



the required beginning date under the Internal Revenue Code.

(b) The member may elect to have withdrawals paid as:

- (1) a lump sum;
- (2) a direct rollover to another eligible retirement plan; or
- (3) if the member has attained normal retirement age, a monthly annuity in accordance with the rules of the board.

(c) The board may establish a minimum account balance or a minimum monthly payment amount in order for a member to select the monthly annuity option. The board shall establish the forms of annuity by rule, in consultation with the board's actuary. The board shall give members information about these forms of payment and any information required by federal law to accompany such distributions.

(d) Unless otherwise required by federal or state law, the requirements and rules that apply to the distribution of the annuity savings account apply to distributions from a member's account.

Sec. 13. (a) If a member dies:

- (1) while in service in a position covered by the plan but not in the line of duty; or
- (2) after terminating service in a position covered by the plan but before withdrawing the member's account;

to the extent that the member is vested, the member's account shall be paid to the beneficiary or beneficiaries designated by the member on a form prescribed by the board. The amount paid must be valued as provided in IC 5-10.2-2-3 and IC 5-10.2-2-4. The board shall invest the total amount in the member's account in the stable value fund not later than thirty (30) days after receiving notification of a member's death.

(b) If there is no properly designated beneficiary, or if no beneficiary survives the member, the member's account shall be paid to:

- (1) the surviving spouse of the member;
- (2) if there is not a surviving spouse, the surviving dependent or dependents of the member in equal shares; or
- (3) if there is not a surviving spouse or dependent, the member's estate.

(c) The beneficiary or beneficiaries designated under subsection (a) or a survivor determined under subsection (b) may elect to have the member's account paid as:

- (1) a lump sum;
- (2) a direct rollover to another eligible retirement plan; or
- (3) a monthly annuity in accordance with rules of the board.



1 A monthly annuity is an option only on or after the date the
 2 beneficiary or survivor becomes sixty-two (62) years of age. The
 3 board shall establish the forms of annuity by rule, in consultation
 4 with the board's actuary. Further, the board may establish a
 5 minimum account balance or a minimum monthly payment
 6 amount that is required in order for a beneficiary or survivor to
 7 select the monthly annuity option.

8 Sec. 14. (a) All assets in the plan are exempt from levy, sale,
 9 garnishment, attachment, or other legal process.

10 (b) A member, beneficiary, or survivor may not assign any
 11 payment under this chapter except for the following:

12 (1) Premiums on a life, hospitalization, surgical, or medical
 13 group insurance plan maintained in part by a state agency.

14 (2) Dues to an association that proves to the board's
 15 satisfaction that the association has as members at least
 16 twenty percent (20%) of the retired members in the plan.

17 Sec. 15. (a) To the extent permitted by the Internal Revenue
 18 Code and the applicable regulations and guidance, the plan may
 19 accept, on behalf of any member who is employed in a covered
 20 position, a rollover distribution from any of the following:

21 (1) A qualified plan described in Section 401(a) or Section
 22 403(a) of the Internal Revenue Code.

23 (2) An annuity contract or account described in Section 403(b)
 24 of the Internal Revenue Code.

25 (3) An eligible plan maintained by a state, a political
 26 subdivision of a state, or an agency or instrumentality of a
 27 state or political subdivision of a state under Section 457(b) of
 28 the Internal Revenue Code.

29 (4) An individual retirement account or annuity described in
 30 Section 408(a) or 408(b) of the Internal Revenue Code.

31 (b) Any amounts rolled over under subsection (a) must be
 32 accounted for in a rollover account that is separate from the
 33 member's account in the plan. The member shall be fully vested in
 34 the member's rollover account.

35 (c) A member may direct the investment of the member's
 36 rollover account into any alternative investment option that the
 37 board may make available to the member's rollover account under
 38 section 8 of this chapter.

39 (d) A member may withdraw the member's rollover account
 40 from the plan in a lump sum or direct a rollover to an eligible
 41 retirement plan at any time. Upon attainment of normal retirement
 42 age, in addition to these payment options, the member may



1 withdraw the member's rollover account as a monthly annuity as
 2 established by the board in accordance with the annuity options
 3 that are available for the member's account in the plan. A member
 4 shall make a required withdrawal from the member's account in
 5 the plan not later than the required beginning date under the
 6 Internal Revenue Code.

7 Sec. 16. (a) If a member becomes disabled while in a covered
 8 position, subject to any federal law limitations concerning qualified
 9 plan distributions and the member furnishing proof of the
 10 member's qualification for Social Security disability benefits to the
 11 board, to the extent that the member is vested, the member may
 12 make a withdrawal from the member's account.

13 (b) The member may elect to have the withdrawal paid as:

14 (1) a lump sum;

15 (2) a direct rollover to another eligible retirement plan; or

16 (3) a monthly annuity in accordance with the rules of the
 17 board.

18 (c) The board may establish a minimum account balance or a
 19 minimum monthly payment amount in order for a member to
 20 select the monthly annuity option.

21 Sec. 17. (a) If a member of the plan separates from employment
 22 with the member's employer and later returns to employment in a
 23 position covered by the plan:

24 (1) the individual resumes membership in the plan; and

25 (2) the member is entitled to receive credit for the member's
 26 years of participation in the plan before the member's
 27 separation. However, any amounts forfeited by the member
 28 under section 11(e) of this chapter may not be restored to the
 29 member's account.

30 (b) An individual who elected under section 6 of this chapter to
 31 become a member of the plan resumes membership in the plan
 32 upon the individual's return to employment covered by the plan.

33 (c) An individual who did not elect to become a member of the
 34 plan resumes membership in the fund.

35 (d) An individual who returns to employment in a position
 36 covered by the plan having had an opportunity to make an election
 37 under section 6 of this chapter during an earlier period of
 38 employment is not entitled to a second opportunity to make an
 39 election under section 6 of this chapter.

40 SECTION 3. IC 5-10.4-9 IS ADDED TO THE INDIANA CODE
 41 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2016]:



Chapter 9. Participation by School Corporations in the Defined Contribution Plan

Sec. 1. The following definitions apply throughout this chapter:

(1) "Account" has the meaning set forth in IC 5-10.4-8-2(1).

(2) "Plan" has the meaning set forth in IC 5-10.4-8-2(11).

Sec. 2. On the effective date of the plan, a school corporation becomes a participant in the plan.

Sec. 3. After a school corporation becomes a participant in the plan, its governing body may make appropriations, make payments, and do all things required under IC 5-10.4-8.

Sec. 4. The board shall maintain separate accounts for each contribution rate group. Credits and charges to these accounts shall be made as prescribed under IC 5-10.4-8.

Sec. 5. A school corporation shall make the appropriations and payments required under this article and IC 5-10.2 from its general fund.

Sec. 6. If a school corporation fails to make payments required by this chapter, the amount payable may be:

(1) withheld by the auditor of state from money payable to the school corporation and transferred to the plan; or

(2) recovered in a suit in the circuit or superior court of the county in which the school corporation is located. The suit must be an action by the state on the relation of the board, prosecuted by the attorney general.

SECTION 4. IC 20-26-5-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 5.5. (a) Subject to subsection (b), a school corporation may hire an individual to teach under section 4(a)(8) of this chapter if the individual:

(1) has a bachelor's degree with at least a cumulative grade point average of 3.0 on a 4.0 scale in a content area related to the area in which the individual intends to teach;

(2) has passed content area licensure assessments required by the department to teach in the area in which the applicant intends to teach; and

(3) has a valid teaching license in another state.

(b) A school corporation may not hire more than ten percent (10%) of the school corporation's teachers under this section.

SECTION 5. IC 20-28-7.5-1, AS AMENDED BY P.L.239-2015, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1. (a) This chapter applies to a teacher in a school corporation (as defined in IC 20-18-2-16(a)).



(b) A contract with a teacher may be canceled immediately in the manner set forth in sections 2 through 4 of this chapter for any of the following reasons:

(1) Immorality.

(2) Insubordination, which means a willful refusal to obey the state school laws or reasonable rules adopted for the governance of the school building or the school corporation.

(3) Incompetence, including:

(A) for probationary teachers, receiving an ineffective designation on a performance evaluation or receiving two (2) consecutive improvement necessary ratings on a performance evaluation under IC 20-28-11.5; or

(B) for any teacher, receiving an ineffective designation on two (2) consecutive performance evaluations or an ineffective designation or improvement necessary rating under IC 20-28-11.5 for three (3) years of any five (5) year period.

(4) Neglect of duty.

(5) A conviction of an offense listed in IC 20-28-5-8(c).

(6) Other good or just cause.

(c) In addition to the reasons set forth in subsection (b), a probationary teacher's contract may be canceled for any reason relevant to the school corporation's interest in the manner set forth in sections 2 through 4 of this chapter.

(d) After June 30, 2012, the cancellation of teacher's contracts due to a justifiable decrease in the number of teaching positions shall be determined on the basis of performance rather than seniority. In cases where teachers are placed in the same performance category, any of the items in ~~IC 20-28-9-1.5(b)~~ **IC 20-28-9-1.5(c)** may be considered.

(e) Only the governing body may terminate, cancel, or otherwise refuse to renew a contract of a superintendent or assistant superintendent. Notice of the contract cancellation or the refusal to renew the individual's contract must be provided in the manner provided in IC 20-28-8-3(a).

SECTION 6. IC 20-28-9-1.5, AS AMENDED BY P.L.213-2015, SECTION 179, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1.5. (a) This subsection governs salary increases for a teacher employed by a school corporation. Compensation attributable to additional degrees or graduate credits earned before the effective date of a local compensation plan created under this chapter before July 1, 2015, shall continue for school years beginning after June 30, 2015. Compensation attributable to additional degrees for which a teacher has started course work before July 1,



2011, and completed course work before September 2, 2014, shall also continue for school years beginning after June 30, 2015. For school years beginning after June 30, 2015, a school corporation may provide a supplemental payment to a teacher in excess of the salary specified in the school corporation's compensation plan if the teacher has earned a master's degree from an accredited postsecondary educational institution in a content area directly related to the subject matter of:

- (1) a dual credit course; or
- (2) another course;

taught by the teacher. In addition, a supplemental payment may be made to an elementary school teacher who earns a master's degree in math or reading and literacy. A supplement provided under this subsection is not subject to collective bargaining, but a discussion of the supplement must be held. Such a supplement is in addition to any increase permitted under subsection ~~(b)~~ (c).

(b) A school corporation may provide a supplemental payment in excess of the salary specified in the school corporation's compensation plan to a teacher who is, or will be, employed in a position that is difficult to fill by the school corporation, as determined by the school corporation. A supplement provided under this subsection is not subject to collective bargaining, but a discussion of the supplement must be held. A supplement made under this subsection is in addition to any increase permitted under subsection (c).

~~(b)~~ (c) Increases or increments in a local salary range must be based upon a combination of the following factors:

- (1) A combination of the following factors taken together may account for not more than thirty-three percent (33%) of the calculation used to determine a teacher's increase or increment:
 - (A) The number of years of a teacher's experience.
 - (B) The attainment of either:
 - (i) additional content area degrees beyond the requirements for employment; or
 - (ii) additional content area degrees and credit hours beyond the requirements for employment, if required under an agreement bargained under IC 20-29.
- (2) The results of an evaluation conducted under IC 20-28-11.5.
- (3) The assignment of instructional leadership roles, including the responsibility for conducting evaluations under IC 20-28-11.5.
- (4) The academic needs of students in the school corporation.

~~(c)~~ (d) A teacher rated ineffective or improvement necessary under IC 20-28-11.5 may not receive any raise or increment for the following



1 year if the teacher's employment contract is continued. The amount that
 2 would otherwise have been allocated for the salary increase of teachers
 3 rated ineffective or improvement necessary shall be allocated for
 4 compensation of all teachers rated effective and highly effective based
 5 on the criteria in subsection ~~(b)~~: (c).

6 ~~(d)~~ (e) A teacher who does not receive a raise or increment under
 7 subsection ~~(e)~~ (d) may file a request with the superintendent or
 8 superintendent's designee not later than five (5) days after receiving
 9 notice that the teacher received a rating of ineffective. The teacher is
 10 entitled to a private conference with the superintendent or
 11 superintendent's designee.

12 ~~(e)~~ (f) The department shall publish a model compensation plan
 13 with a model salary range that a school corporation may adopt. Before
 14 July 1, 2015, the department may modify the model compensation plan,
 15 as needed, to comply with subsection ~~(f)~~: (g).

16 ~~(f)~~ (g) Each school corporation shall submit its local compensation
 17 plan to the department. For a school year beginning after June 30,
 18 2015, a local compensation plan must specify the range for teacher
 19 salaries. The department shall publish the local compensation plans on
 20 the department's Internet web site.

21 ~~(g)~~ (h) The department shall report any noncompliance with this
 22 section to the state board.

23 ~~(h)~~ (i) The state board shall take appropriate action to ensure
 24 compliance with this section.

25 ~~(i)~~ (j) This chapter may not be construed to require or allow a school
 26 corporation to decrease the salary of any teacher below the salary the
 27 teacher was earning on or before July 1, 2015, if that decrease would
 28 be made solely to conform to the new compensation plan.

29 ~~(j)~~ (k) After June 30, 2011, all rights, duties, or obligations
 30 established under IC 20-28-9-1 before its repeal are considered rights,
 31 duties, or obligations under this section.

32 SECTION 7. IC 20-29-2-4, AS AMENDED BY P.L.1-2007,
 33 SECTION 145, IS AMENDED TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2016]: Sec. 4. "Certificated employee" means
 35 a person:

36 (1) whose contract with the school corporation requires that the
 37 person hold a license or permit from the division of professional
 38 standards of the department under IC 20-28; ~~or~~

39 (2) who is employed as a teacher by a charter school established
 40 under IC 20-24; ~~or~~

41 (3) who is hired by a school corporation under IC 20-26-5-5.5.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 7.

Page 12, delete lines 2 through 8, begin a new paragraph and insert:

"(b) A school corporation may not hire more than ten percent (10%) of the school corporation's teachers under this section."

Page 12, delete lines 9 through 18.

Page 15, after line 11, begin a new paragraph and insert:

"SECTION 9. IC 20-29-2-4, AS AMENDED BY P.L.1-2007, SECTION 145, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4. "Certificated employee" means a person:

(1) whose contract with the school corporation requires that the person hold a license or permit from the division of professional standards of the department under IC 20-28; ~~or~~

(2) who is employed as a teacher by a charter school established under IC 20-24; **or**

(3) who is hired by a school corporation under IC 20-26-5-5.5."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1004 as introduced.)

BEHNING

Committee Vote: yeas 9, nays 3.

